

QUESTIONS AND ANSWERS ON THE RIVER CORRIDOR DRAFT RFP
Through November 16, 2001

1. Are the TPA milestones included in the draft RFP and how are they enforced

A: TPA milestones are expressly included in Subsection C.11 as one of the terms of the contract. If the contractor fails to meet the terms of the contract, the DOE can take contractual action to enforce compliance.

2. Why can DOE award a 15-year contract in this instance?

A: In the case of a closure contract, 15-year terms are allowable.

3. The contractor has an incentive to expedite the work. What is DOE's incentive?

A: It should be noted that the DOE (and thus, the taxpayer) shares in the cost savings. The DOE share is 70% of the cost savings for underruns. The DOE has no motivation to stretch things out. In fact, the contrary is the case.

4. How does DOE keep from interfering with the contractor?

A: The interactions between DOE and the contractor are defined in the contract. The authority of the Contracting Officer and Contracting Officer's Representative are explicitly defined in the contract. Should there be any inappropriate direction from DOE, the Contractor can take contractual remedies.

5. Has DOE looked at what went wrong with the Rocky Flats (RF) Closure contract?

A: RL has had extensive and continuing contact with RF. RF has no place to dispose of waste onsite whereas RL has the Environmental Restoration Disposal Facility. This is a big advantage in controlling cost and removing uncertainty.

6. Does BHI have an advantage?

A: It has been asserted that Bechtel enjoys incumbent advantage in the 100 Area and Fluor enjoys incumbent advantage in the 300 Area. The DOE has taken a number of steps to reduce incumbent advantage, however, there is nothing illegal about incumbency.

7. Isn't it risky on both sides to have a CPIF contract if the workscope isn't well defined?

A: Phase I is very well-defined and its cost is considered by DOE to be sufficiently understood to justify the use of CPIF-type contracting. Phase II is less well understood as to its cost. However, the Phase II contract type has been selected to mitigate this uncertainty.

8. How many companies are interested in the project?

A: The SEB does not know the full extent of interest, however, seventeen companies attended the one-on-one meetings in March and eleven companies attended the November meetings.

9. Is surveillance and maintenance (S&M) a part of the contract?

A: S&M is part of the scope. After the reactors are cocooned, the continuing S&M will be performed by the RC Contractor until he departs the site. Afterwards S&M will be assumed by another contractor.

10. Will Fluor Hanford, Inc. take care of the portion of the 300 Area not being demolished?

A: The RC contractor will take control of the buildings in the 300 Area, except some occupied by Pacific Northwest National Laboratory. Section J, Appendices 3 and 4 provide a complete list of RC contractor controlled buildings.

11. How will contractors not already established on site prepare a target cost?

A: Provisions have been made for extensive site tours. Moreover, the DOE's independent cost estimate, which was prepared by the Corps of Engineers, has been placed on our web site along with all the backup information used by the Corps to prepare that estimate. We expect that companies preparing proposals will wish to selectively compare portions of the Corps estimate with their own evaluations using their own methods. However, we do not expect anyone, including the incumbents, to prepare a top to bottom cost estimate to support their target costs.

12. Will contractors have the same access to information that the Corps of Engineers (COE) had in preparing the COE cost estimate?

A: All the material used by the Corps is or will soon be placed on our web site.

13. Would it be possible for Phase II to be performed under a firm fixed price contract?

A: The Fixed Price Incentive Successive-targets contract type provides for the parties to the contract to agree to perform the indicated work at a firm fixed price using the firm target cost and firm target fee as a guide.

14. Will facilities that are demolished in the 300 Area be replaced?

A: There will be no facilities replaced under this contract.

15. Is price the sole determinate for selection?

A: The contract will be awarded on a best value basis. That means the technical and management proposal will be evaluated along with the cost and fee proposal. The technical and management proposal will be weighted more heavily than the cost and fee proposal.

16. Does the length of the contract vary based upon funding?

A: The length of the contract will vary based on funding, the selected contractor's target cost, and the selected contractor's actual performance against the target cost.

17. What is the difference between waste sites and burial grounds?

A: A burial ground is a location where materials, substances or wastes were placed in a trench or other man-made depression and covered with soil or other suitable material such that the substances will not migrate to the surface. A waste site is an area where any non containerized accumulations of solid or liquid dangerous waste have been released or otherwise disposed of to the soil or environment.

18. Describe cost realism analysis.

Answer: Cost realism analysis is the process of independently reviewing and evaluating specific elements of each offeror's proposed cost estimate to determine whether the estimated proposed cost elements are realistic for the work to be performed; reflect a clear understanding of the work and requirements; and are consistent with the unique

methods of performance and materials described in the offeror's technical proposal. A cost realism analysis will be performed to determine the probable cost of performance for each offeror.

19. Will the COE look at proprietary data?

A: The COE has been cleared into the Source Evaluation Board (SEB), so they have access to all the information submitted to and generated by the SEB.

20. Sections L&M appear difficult and proposals will be expensive. Will RL consider restructuring the RFP so more than one proposal is received?

A: One of the principal reasons for releasing the RFP in draft form is to obtain comments from prospective performers. The RFP will be modified to reflect input received that both streamlines the solicitation process and remains consistent with the DOE's objectives. However, it is expected that it will be necessary for offerors to commit substantial resources in the preparation of their proposals since it is necessary for them to propose a target cost.

21. If transition occurs in FY02, then no transition funding will be required for FY03?

A: That is correct, depending on whether or not discussions will be required. If the Government decides that discussions are necessary, the schedule will be delayed.

22. What are the criteria for discussions?

A: There are no objective criteria. If the Government believes it can get a better deal through discussions, then it is obliged to conduct them.

23. What are the risks associated with this procurement?

A: The preparation of a proposal is a risk since only one of the proposals tendered will be successful. There is also the risk of losing fee and reputation because of a safety or environmental incident, risk of being unable to perform to expectations, and risk of the unexpected in general. Some of these risks are quite large. The draft RFP has attempted to recognize those risks by balancing them with large potential rewards.

24. With a 15% maximum fee, won't the contractor eventually lose its incentive to further improve its performance once it achieves the maximum?

A: Theoretically, yes. But the contractor would have to perform in an extraordinary fashion to reach the 15% maximum fee limit. Even if that were to happen, the contractor will still be motivated to finish even sooner because DOE holds back 25% of the contractor's fee until the Phase I workscope is completed. Since time is money, the only way to get the fee earlier is by finishing earlier at a still lower cost.

25. Is project contingency part of the contractor's cost base?

A: The contractor is required to prepare a target cost. The contractor is responsible for determining the level of contingency that is required in the target cost.

26. If the burial grounds represent one of the largest uncertainties in the cost estimate, is any more known about the Phase II burial grounds than the Phase I burial grounds?

A: Not in general, but there are far fewer burial grounds in the Phase II than in Phase I. Thus the total uncertainty is less.

27. If the offeror with the lowest target cost doesn't win, won't he protest?

A: Any offeror has a right to protest, but in this case, award will be based on best value to the Government. That has been made clear in the draft RFP.

28. Is the fee non-payment under the Conditional Payment of Fee Clause delayed, or is it a permanent fee reduction?

A: Deductions under the conditional payment of fee clause are permanent.

29. Has thought been given to the new DOE Order 413.3?

A: The applicable requirements of this order have been written into the text of the contract in Section C.

30. Is fee tied to milestones?

A: Fee is not directly tied to milestones, however, if the Contractor misses a milestone, he would be in violation of a contractual provision contained in Subsection C.11.

31. Will the contractor be required to provide HAB support?

A: This requirement is covered under subsection C.8.

32. When will it be known when to vacate the 300 Area buildings?

A: With the exception of buildings 324, 327, and 12 minor structures, none of the currently occupied buildings will be required to be vacated during Phase I. The contractor's baseline will reflect when the 300 Area buildings will be required to be vacated during Phase II.

33. Does DOE expect more contractor interaction with the regulators than is currently the practice?

A: The RC Contractor will be expected to play an active role in working with the regulators to obtain the regulatory approvals required in the statement of work. For example, the draft RFP requires the contractor to take the lead role in obtaining regulatory approval of post clean-up documents such as clean-up verification packages, which are required to document the completion of remediation of waste sites and burial grounds.

34. Are the regulatory milestones in the DRFP consistent with the base case funding?

A: The RFP must be fully consistent including all milestones and the funding profiles.

35. Is the DRFP targeting a specific company size?

A: The DRFP is not targeting a company of any particular size. The DOE is looking for companies that perform all or portions of the work contemplated by the solicitation. The DOE expects that smaller companies may team to achieve appropriate synergism so that the entire team (augmented as necessary with subcontracts) can accomplish the entirety of the work scope.

36. Will the DOE consider allowing the contractor to offer earlier fixed-pricing on some work, and propose it as a part of Phase II?

A: DOE would consider such an approach. Once the uncertainties in the cost of the Phase II scope of work have been resolved, Phase II may be initiated upon mutual agreement of the parties to the contract. At that time, Phase I work could be moved into Phase II under the changes clause and performed at a fixed price.

37. Will a ceiling price in Phase II discourage new participants?

A: The DOE does not yet know the full degree of acceptance of the draft RFP. The evaluation parameters have been selected so as to minimize the effect of the requirement for a ceiling price on prospective offerors. If the ceiling price requirement proves to be impractical for implementation, the DOE can reduce the scope of the solicitation to Phase I only.

38. How was the size of Phase I arrived at?

A: Phase I could have been much smaller than it is currently configured, and there are good arguments for taking such a course. However, DOE is fully committed to completing the RC project, and was concerned that a smaller Phase I could be misinterpreted as a lack of commitment.

39. Is there a set number DOE is expecting for small business subcontracting?

A: No, but DOE will evaluate the offerors' small business subcontracting plans as part of the Small Business evaluation factor.

40. Would DOE consider eliminating the Phase II cost estimate requirement?

A: Doing so would result in an unpriced option, which is disallowed by the Government's acquisition regulations unless it is supported by a sole source justification. The sole source justification would need to be in place at the time the contract is awarded. It is not clear what would be the basis for such a justification.

41. Would DOE consider barring the incumbent contractor from proposing?

A: Nothing prohibits the incumbent contractor from submitting a proposal. The solicitation is being conducted as a full and open competition.

42. Is DOE expecting two detailed cost estimates; one for the base case and one for the increment case in Phase I?

A: DOE is expecting a rationale for a relationship between the \$150M and \$210M per year funding scenarios. DOE does not expect that offerors will need to expend anywhere near the effort required for the \$150M/yr. case to develop the \$210M/yr. case. This expectation is based on the observation that there are relatively few logic ties in the RC scope of work, and that progress on its completion is essentially totally governed by funding. DOE is assuming that the fixed costs will play the major role in the difference in the two target costs.

43. Can Phase II be initiated early?

A: A proposal for Phase II is required no less than two years prior to completion of Phase I. There is no restriction on the contractor submitting a Phase II proposal earlier.

44. Why hasn't DOE mandated a percentage of work that the prime contractor must subcontract?

A: The DOE believes that the percentage of subcontracting is a decision that should be left up to the Contractor. Furthermore, if DOE were to mandate a minimum percentage of subcontracting, there could be a tendency, on the part of some prospective offerors, to defer entering the competition for this solicitation and await subcontracting opportunities.

45. Why doesn't the draft RFP contain a schedule performance incentive?

A: Within the earned value system, schedule variance is totally redundant to cost variance, if the work scheduled corresponds to the funding and the contractor expends all funds that are available.

46. When will the new TPA milestones be negotiated and made available?

A: DOE-RL will post the milestones to our website as soon as the milestones have been decided. The deadline for completing the portion of the TPA milestone negotiation process that applies to this contract is December 31, 2001.

47. Why can't Phase II be performed under a CPIF arrangement?

A: The DOE believes that the Phase II costs are not sufficiently understood to enable a prospective offeror to propose a target cost for that scope that cannot be later changed. Renegotiation of the target cost is not an option under cost reimbursement contracting, however it is allowed under a fixed-price incentive successive targets arrangement.

48. Why hasn't a specific funding profile been established in the draft RFP?

A: This is a reflection of the appropriations process. DOE cannot predict with certainty the funding that will be available to execute the RC Project. DOE needs to have a way to administer the contract in a fashion that avoids contract changes every year when the funding differs (as it inevitably would) from a predetermined specific funding profile. Accordingly, DOE has provided for a range of annual funding between a base case of \$150M/yr. and an increment case of \$210M/yr. and a means to use these values to calculate target cost in Subsection B.5.

49. Was the Army Corps of Engineers cost estimate developed by the Walla Walla office or the Seattle office?

A: The Army Corps of Engineers, Walla Walla District Office, developed the cost estimate.

50. How much of the work is the Corps of Engineers (COE) performing?

A: The COE's only task was to develop the cost estimate.

51. Will the list of participants in the November 5-7, 2001 one-on-ones be published?

A: Yes. The list has been added to our website.

52. Will the actual weighting points be disclosed?

A: Only the relative importance of the evaluation areas will be disclosed.

53. Why were the 300 Area burial grounds marked up by 168% in the Corps estimate but not the 100 Area burial grounds?

A: The Corps concluded that there was far less uncertainty in the 100 Area burial grounds. This action also reflected the experience with burial ground 618-4, which will ultimately cost far more to remediate than had been expected.

54. Why do the Corps estimates differ from the figures in the Records of Decision?

A: The Corps estimates reflect increased information from that which was available when the Records of Decision were prepared. Also, the Corps estimate includes an explicit treatment of contingency. Contingency, as defined by the Corps estimate, includes external factors such as weather, and uncertainties.

55. Can the N Reactor ISS be completed in four years?

A: The Corps was explicitly requested to evaluate whether it would be possible to complete Phase II in four years, given no restriction on funding. Their conclusion was that Phase II, which includes the N Reactor ISS (but not the necessary regulatory approvals and design work, which are in the Phase I scope), could be completed in four years.

56. Is the CERCLA risk assessment at completion of cleanup a part of the work scope?

A: The risk assessment is part of the scope of work. Its costs are included as a part of management and support in the independent cost estimate. This item will be explicitly included in the final RFP.

57. Did the Corps estimate influence what was put in Phase I and Phase II?

A: The decision on the content of Phase I was made independent of any cost considerations. Since the decision was made however, it has been necessary to prevent migration of scope from Phase II into Phase I.

58. Since the draft RFP requires a target cost at \$150M/yr. and \$210M/yr., why was the Corps cost estimate for Phase I performed at \$190M/yr.

A: The actual funding that will be deployed on the River Corridor Project is unknown. For the purpose of the Corps estimate, any funding level assumption would have been sufficient. However, as the funding goes up, the fixed costs should go down. The DOE needs to understand the magnitude of this effect to adequately administer the contract.

59. Why did DOE propose reliance on an independent estimate, prepared by an entity not in this project scope business, as a basis of estimate for this risky project?

A: The cost estimate was prepared by the Corps of Engineers under contract to the DOE. The Corps project manager assembled a team of competent cost and schedule estimators, some of whom had extensive experience with the Hanford site. All basis of estimate information was taken from earlier estimates prepared by on site contractors. All the information used by the Corps has been (or will soon be) placed on the web site for this procurement. The Corps normalized input data, updated labor rates, made independent assessments of the reliability of the estimates, applied their own contingency approach, and took other steps they believed necessary to generate a quality product. The methodology used is contained in their report available on the web site.

60. Will DOE establish minimum small disadvantaged business requirements in the final RFP?

A: The DOE does not intend to establish such requirements, however, the small business plan is required to be submitted as a part of the offerors response to this RFP. The small business plan will be evaluated as a part of the determination of the successful offeror. That plan may establish minimum requirements.

61. Is there no schedule incentive? Is this intentional?

A: As has been described earlier in these questions and answers, there are no schedule incentives because the inclusion of such incentives, unless they are chosen for specific events, is redundant to the cost incentive. For this performance based contract, focused on end points rather than process, the DOE does not believe it is appropriate to incentivize specific activities. However, the draft RFP does contain milestones that are required for compliance with the TPA. The accomplishment of those milestones is a requirement of the contract.

62. Will DOE agree that the “benefit to the Government” for all streamlining and any efficiencies occurring under the contract are derived through the Government’s share (70%) of cost underrun?

A: The only vehicle for changing the target cost is through a change to the contract per the applicable Section I clause. If there is no change to the contract, efficiencies and streamlining that result in cost savings fully qualify for the incentive built into the CPIF-type contract.